

Summary

Legislature's 2006 Supplemental Pension Budget

Legislative Changes to Implement Pension Budget

- ESSB 6896 Sections 1-2: Creates a Pension Funding Stabilization Account in the state treasury. Moneys in the account will be invested by the Washington State Investment Board (with earnings retained by the account less expenses) and used only for the payment of the state government employer contributions for members of PERS, TRS, SERS, and PSERS.
- ESSB 6896 Section 3: Re-instates contribution rates for the Unfunded Actuarial Accrued Liability in the Plans 1 of PERS (effective January 1, 2007), and TRS (effective September 1, 2006), using a three-year phase-in approach.
- ESSB 6896 Section 4: Appropriates \$350 million from the State General Fund to the Pension Funding Stabilization Account.

Comparison of Total Employer Contribution Rates*

System	Current Rates	Current Policy 2006-07**	Supplemental Budget 2006-07***
PERS	2.25%	3.50%	5.27%
TRS	2.73%	3.25%	4.54%
SERS	2.75%	3.75%	4.62%

* Excludes the administrative expense rate.

** Excludes the cost of future gain-sharing benefits. Effective 7/1/2006 for PERS; 9/1/2006 for TRS and SERS.

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Projected Employer Pension Contributions (Preliminary Estimate; GF-S in millions)*

The table below compares projected employer contributions from the State General Fund under current policy, with and without the cost of future gain-sharing benefits, to projected employer contributions under the 2006 Supplemental Pension Budget.

Period	Current Policy without Gain-sharing	Current Policy with Gain-sharing	Supplemental Budget**
2006-07	\$212	\$212	\$265
2007-08	\$416	\$507	\$449
2008-09	\$471	\$566	\$565
2009-10	\$569	\$670	\$670
2010-11	\$601	\$707	\$707

* Includes preliminary estimates for LEOFF, WSP, and PSERS.

** Includes cost of future gain-sharing beginning 7/1/2007 (not specified in the supplemental pension budget).

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